

**Supplemental Reporting Document
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March 2006 Investment Committee Meeting
(January 2006 Reporting Period)**

Quarterly Reports

Deferred Compensation Program

Securities Lending Earnings

Supplemental Savings Programs

Internally Managed Domestic Equity Index Fund (No items to report)



Investment Office

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March 13, 2006

SUPPLEMENTAL ITEM

TO: MEMBERS OF THE INVESTMENT COMMITTEE

- I. SUBJECT:** Deferred Compensation Program – Quarterly Report of Investment Performance
- II. PORTFOLIO:** Deferred Compensation Program
- III. RECOMMENDATION:** Information only
- IV. ANALYSIS:**

Attached for your review is the December 31, 2005 quarterly performance report of three funds managed by the Investment Office for the State of California's Savings Plus Program and/or the CalPERS 457 Program (for participating Public Agencies and Schools).

A separate page is presented for each of the three funds: the U.S. Treasury Short Term Fund, the U.S. Treasury Intermediate Term Fund, and the S&P 500 Index Fund. For each fund, the report contains a review of the asset growth, performance data and a brief narrative.

V. STRATEGIC PLAN:

This item supports Goal V by providing sustainable pension benefit products and services responsive to and valued by members, employers, and stakeholders.

VI. RESULTS/COSTS:

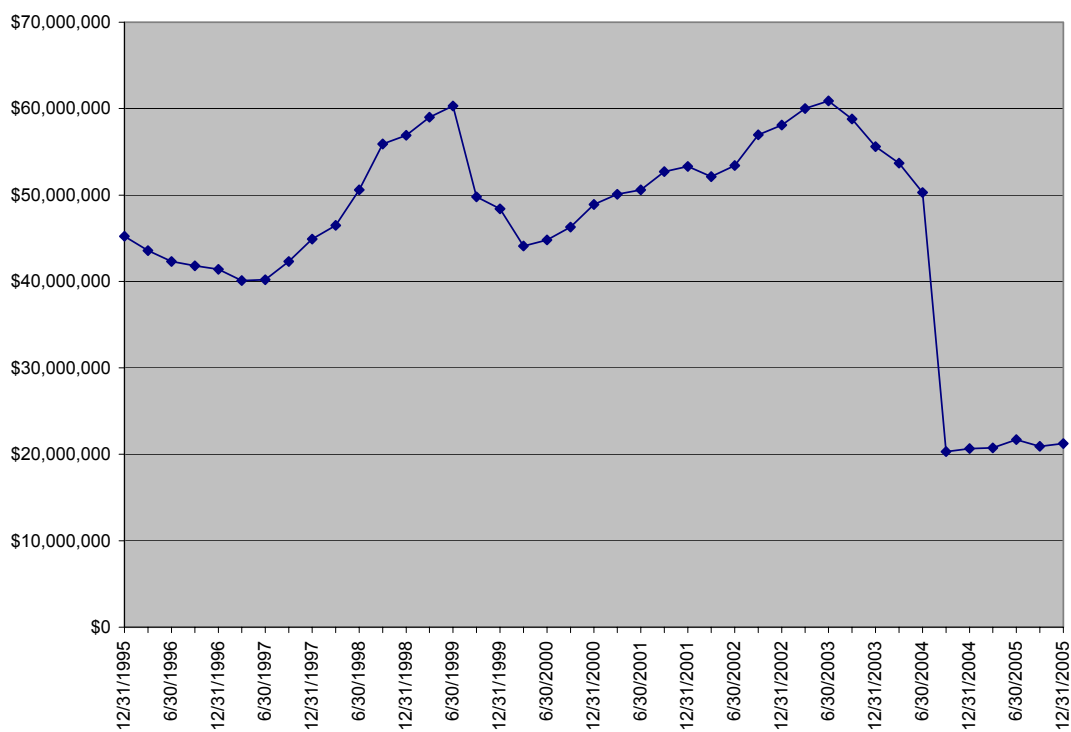
Information to Committee members.

Christian Cardeno
Trade Settlement Analyst

Anne Stausboll
Interim Chief Investment Officer

Deferred Compensation Program
U.S. Treasury Intermediate Term Fund
December 31, 2005

ASSET GROWTH



	<u>12/96</u>	<u>12/97</u>	<u>12/98</u>	<u>12/99</u>	<u>12/00</u>	<u>12/01</u>	<u>12/02</u>	<u>12/03</u>	<u>12/04</u>	<u>12/05</u>
Market Value (\$ Millions)	41.4	44.9	56.9	48.4	48.9	53.3	58.1	55.6	20.7	21.3

PERFORMANCE*
For Periods Ended December 31, 2005

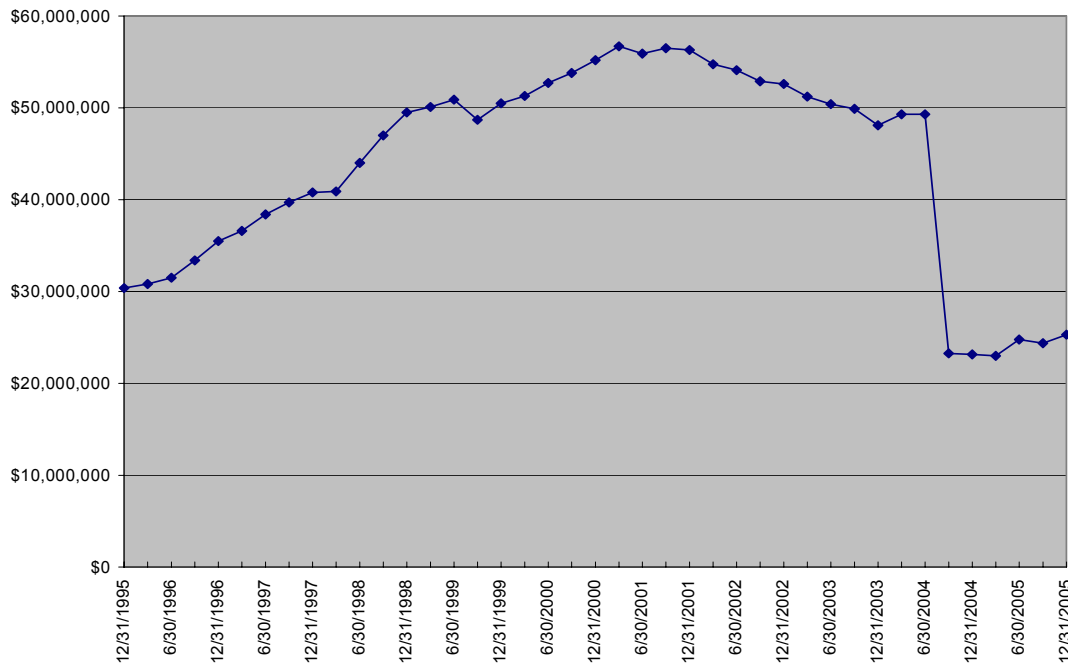
	<u>Qtr.</u>	<u>1 Yr.</u>	<u>3 Yr. Annualized</u>	<u>5 Yr. Annualized</u>
U.S. Treasury Intermediate Term	0.75%	2.02%	2.18%	4.84%
<u>Benchmark:</u>				
CalPERS Custom Lehman 1-10	0.63%	1.56%	1.91%	4.55%

Comments: The fourth quarter of 2005 began with the yield on the U.S. Treasury 3 year Note at 4.17% and the 5 year Note at 4.19%. During the quarter, interest rates rose in short term Notes with maturities from 2 to 10 years. These changes occurred due to a combination of factors which include a decline in demand for short term U.S. debt from foreign buyers and continued pressure on short term yield levels as the Federal Reserve continued to raise the fund rate. This resulted in a fall in the price of short term Notes as yields rose. During the quarter the Federal Reserve increased the Federal Funds Rate from 3.75% to 4.25%. The 3 year Note ended the quarter at 4.364 and the 5 year Note at 4.355%.

*Gross performance. Savings CalPERS 457 Program has asset management fees of .29% per year and an administration fee of .26% per year.

Deferred Compensation Program
U.S. Treasury Short Term Fund
December 31, 2005

ASSET GROWTH



	<u>12/96</u>	<u>12/97</u>	<u>12/98</u>	<u>12/99</u>	<u>12/00</u>	<u>12/01</u>	<u>12/02</u>	<u>12/03</u>	<u>12/04</u>	<u>12/05</u>
Market Value (\$ millions)	35.5	40.8	49.5	50.5	53.8	56.3	52.6	48.1	23.1	25.3

PERFORMANCE*
For Periods Ended December 31, 2005

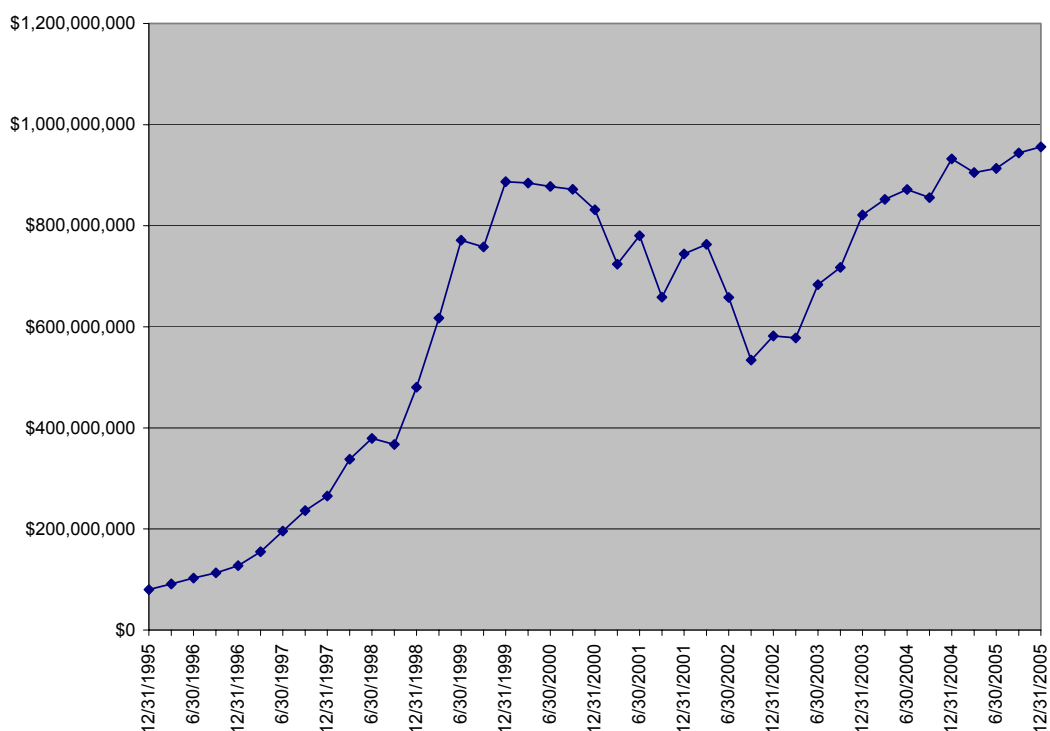
	<u>Qtr.</u>	<u>1 Yr.</u>	<u>3 Yr. Annualized</u>	<u>5 Yr. Annualized</u>
U.S. Treasury Short Term	0.96%	3.08%	1.78%	2.16%
<u>Benchmark:</u> PERS 1 Month T-Bill	0.89%	2.86%	1.68%	2.07%

Comments: During the fourth quarter of 2005, 1-month T-Bills traded in a range of 3.11% to 4.03%. 1-month T-Bills began the quarter at 3.11% and ended the quarter at 4%. The Bill's rate rose as during the quarter the FOMC raised the Fed Funds target rate from 3.75% to 4% on November 1 and to 4.25% on December 13.

*Gross performance. CalPERS 457 Program has asset management fees of .29% per year and an administration fee of .26% per year.

Deferred Compensation Program
S & P 500 Index Fund
December 31, 2005

ASSET GROWTH



	<u>12/96</u>	<u>12/97</u>	<u>12/98</u>	<u>12/99</u>	<u>12/00</u>	<u>12/01</u>	<u>12/02</u>	<u>12/03</u>	<u>12/04</u>	<u>12/05</u>
Market Value (\$ millions)	127.3	265.0	480.4	887.1	831.6	744.3	581.7	821.1	932.2	955.9

PERFORMANCE*
For Periods Ended December 31, 2005

	<u>Qtr.</u>	<u>1 Yr.</u>	<u>3 Yr. Annualized</u>	<u>5 Yr. Annualized</u>
S&P 500 Index Fund	2.10%	4.94%	14.31%	0.42%
<u>Benchmark:</u> S&P 500 Index	2.09%	4.91%	14.39%	0.55%

Comments: For the quarter, the portfolio returned 1bps versus the S&P 500 index. The NAV returns for the quarter and one-year period were 2.10% and 4.94% versus the benchmark's 2.09% and 4.91% respectively. The S&P 500 Index Fund began in November 1991 with the Savings Plus Program and grew as the CalPERS 457 Program was added in February 1995.

*Gross performance. As of July 1, 1996 asset management fees for the Savings Plus Program were renegotiated to .056% per year. Prior to July 1, 1996 Savings Plus Program had asset management fees of .16% per year. CalPERS 457 Program has asset management fees of .09% per year and an administration fee of .26% per year.

**Above returns are calculated using Internal Rate of Return (IRR).



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March 13, 2006

SUPPLEMENTAL ITEM

TO: MEMBERS OF THE INVESTMENT COMMITTEE

- I. SUBJECT:** Securities Lending Earnings
(Quarter Ended December 31, 2005)
- II. PROGRAM:** Securities Lending
- III. RECOMMENDATION:** Information Only
- IV. ANALYSIS:**

Earnings for the quarter ended December 31, 2005, are presented to the Investment Committee for information.

Asset Class	Average Lendable Assets (\$ 000)	Average % on Loan	Net Margin (Annualized)	Net Income to CalPERS (\$ 000)
Global Equities	\$107,166,200	18%	49 bp	\$23,143
Global Fixed Income	\$29,766,135	50%	30 bp	\$11,263
Total Program	\$136,932,335		41 bp	\$34,406

Policy Violations:

Boston Global Advisors (BGA) did not violate the policy during the fourth quarter of the calendar year.

Credit Suisse First Boston (CSFB) violated the policy during the fourth quarter of the calendar year. As a result of decreased cash collateral balances at the end of the year, CSFB exceeded the single issuer repo limit for a period of one day. In addition, CSFB violated the individual counterparty limit for a period of seven days.

eSecLending (eSec) had a loan maintenance margin violation for two days due to a late corporate action notification.

Metropolitan West (MetWest) did not violate the policy during the fourth quarter of the calendar year.

State Street Bank (SSB) did not violate the policy during the fourth quarter of the calendar year.

V. STRATEGIC PLAN:

This item supports Goal VIII: Manage the risk and volatility of assets and liabilities to ensure sufficient funds are available, first, to pay benefits and second, to minimize and stabilize contributions.

VI. RESULTS/COSTS:

The securities lending program generated \$34.4 million of net income for the quarter ended December 31, 2005. The average market value of securities on loan for the quarter was \$33.6 billion.

Anny Chen
Investment Officer

Daniel Kiefer
Portfolio Manager

Curtis D. Ishii
Senior Investment Officer

Anne Stausboll
Interim Chief Investment Officer



Investment Office

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March 13, 2006

SUPPLEMENTAL ITEM

TO: MEMBERS OF THE INVESTMENT COMMITTEE

- I. SUBJECT:** Quarterly Statistics
- II. PROGRAM:** Supplemental Savings Programs Division
- III. RECOMMENDATION:** Information only

IV. ANALYSIS:

CalPERS 457 Program - During the fourth quarter ending December 31, 2005, the CalPERS 457 Program experienced a \$ 23.6 million (5.0%) net increase in assets for a total of \$494.5 million. The number of participants grew by 451 (2.3%), to 20,382, and agency adoptions by 15 (2.8%), to 551.

Peace Officers' and Firefighters' Defined Contribution Plan - The POFF Plan assets grew 2.1% from last quarter, to \$252.7 million. The number of participants decreased by -43 (-.1%), for a total of 34,958.

Supplemental Contributions Program - The SCP assets decreased -3% from last quarter, to \$21.2 million. The number of participants decreased by 19 to 894, for a -2.1% decrease.

Savings Plus Program - In the Savings Plus Program, the S & P 500 Index Fund totaled \$856.6 million in assets under management, representing an increase of \$7.6 million (.9%) over the previous quarter.

V. STRATEGIC PLAN:

This item supports Goal V, by providing sustainable pension benefit products and services responsive to and valued by members, employers, and stakeholders.

VI. RESULTS/COSTS:

Attachment 1 summarizes CalPERS 457 Program information for the fourth quarter of 2005.

Attachment 2 depicts updated monthly figures for CalPERS 457 Program asset and participant growth for fiscal year 2005-2006.

Marty Walton
Program Manager
CalPERS 457 Program

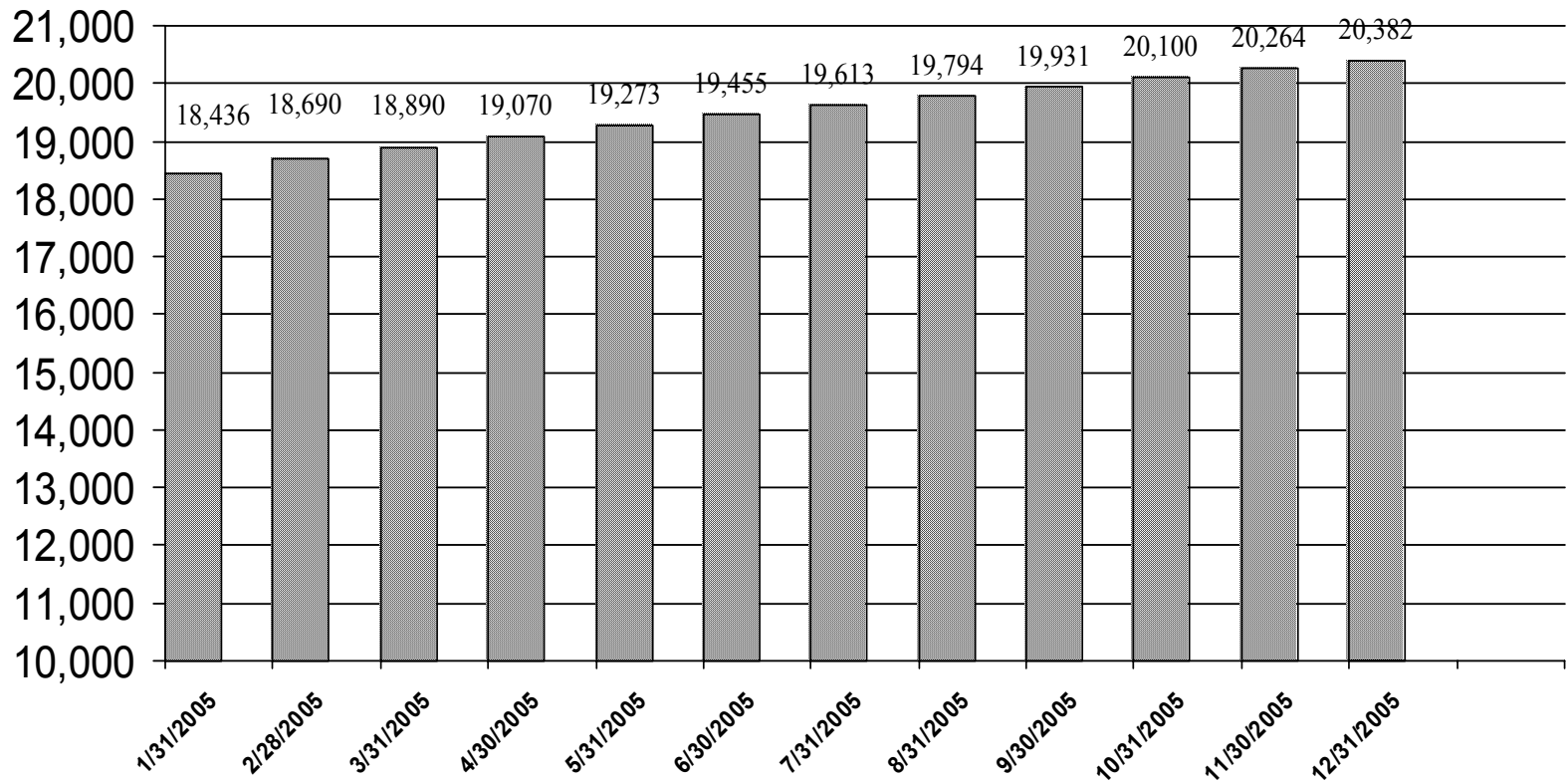
Dave Mullins, Chief
Supplemental Savings Programs

Anne Stausboll
Interim Chief Investment Officer

CalPERS 457 Program

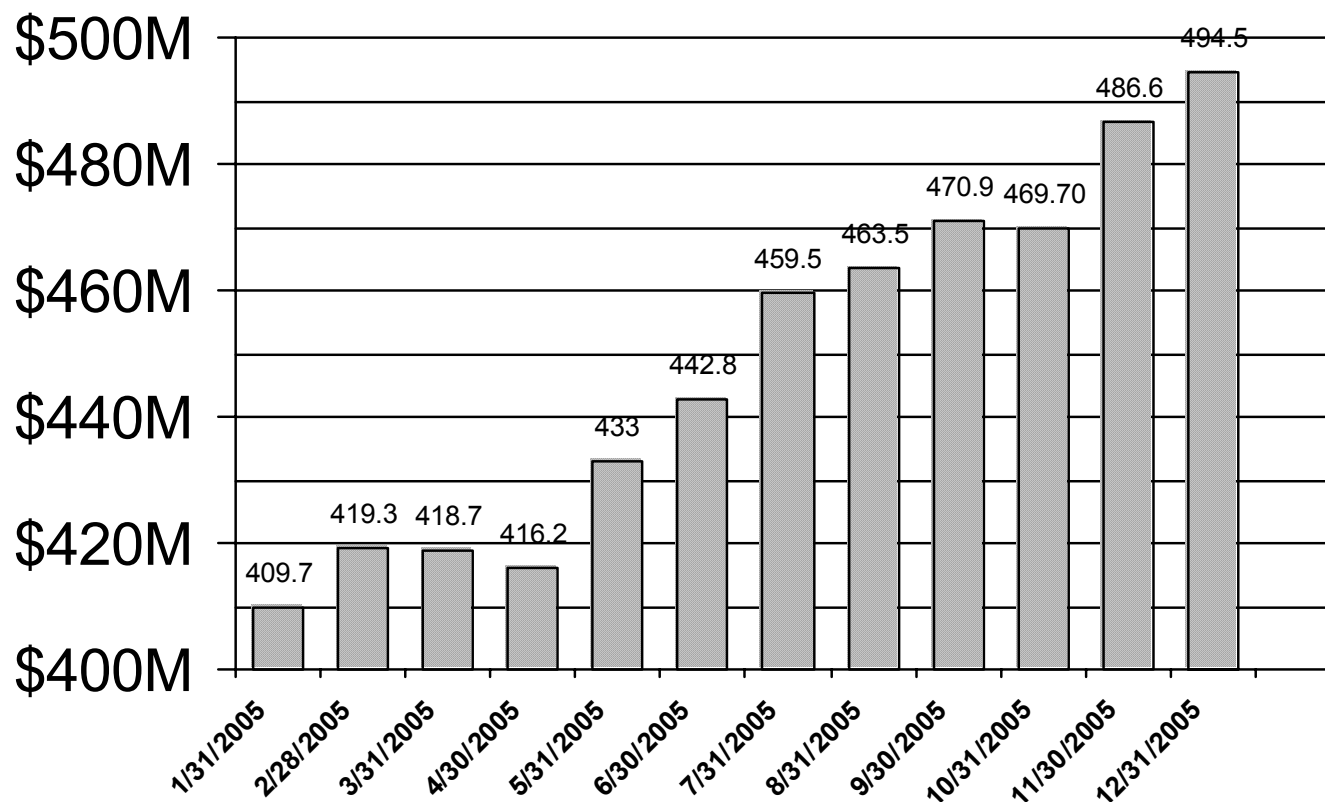
Number of Participants

4th Qtr 2005



CalPERS 457 Program Assets

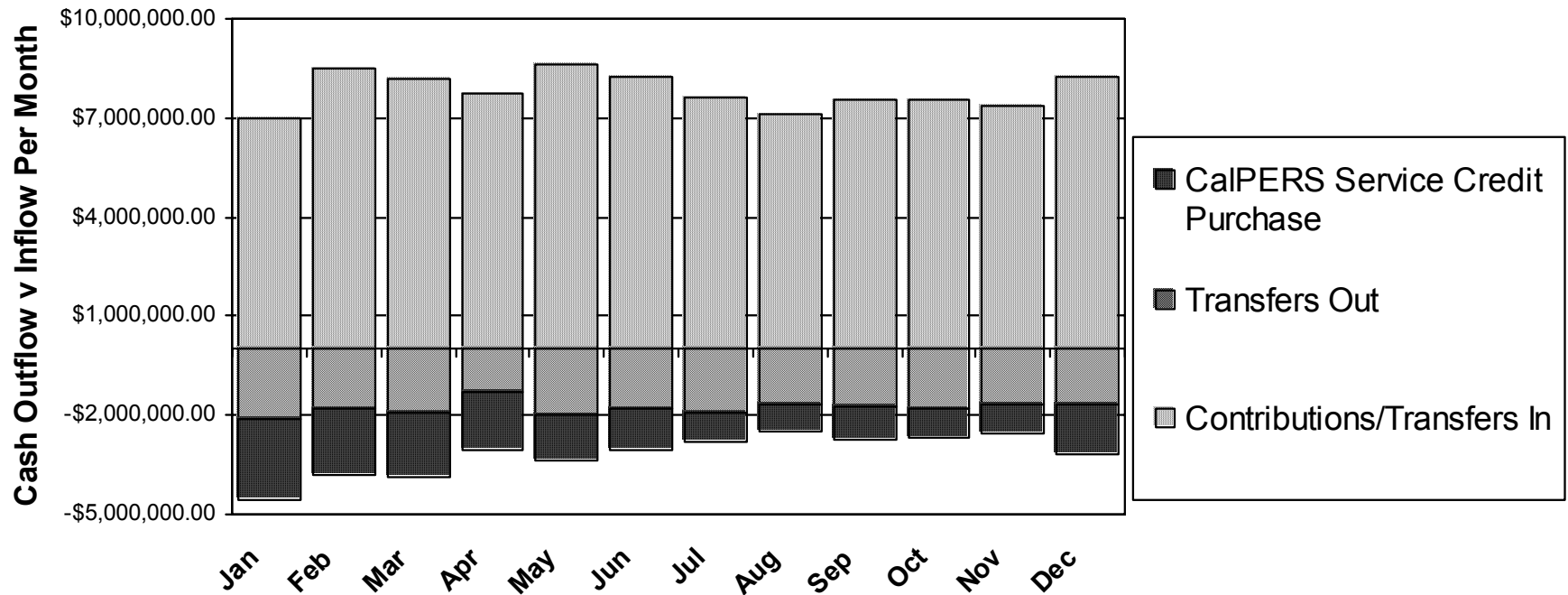
4th Qtr 2005



CalPERS 457 Program

Inflows vs Outflows

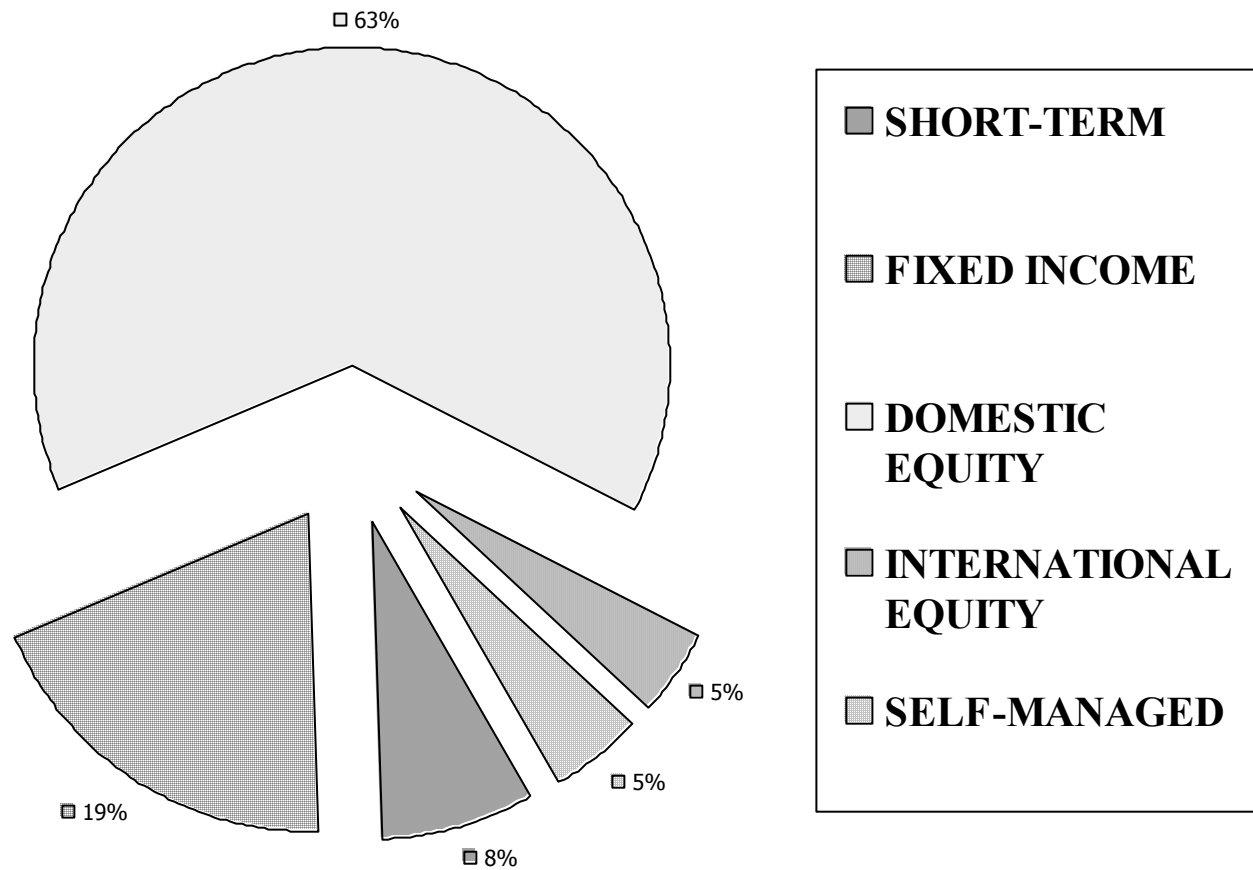
4th Qtr 2005



CalPERS 457 Plan

Asset Allocation

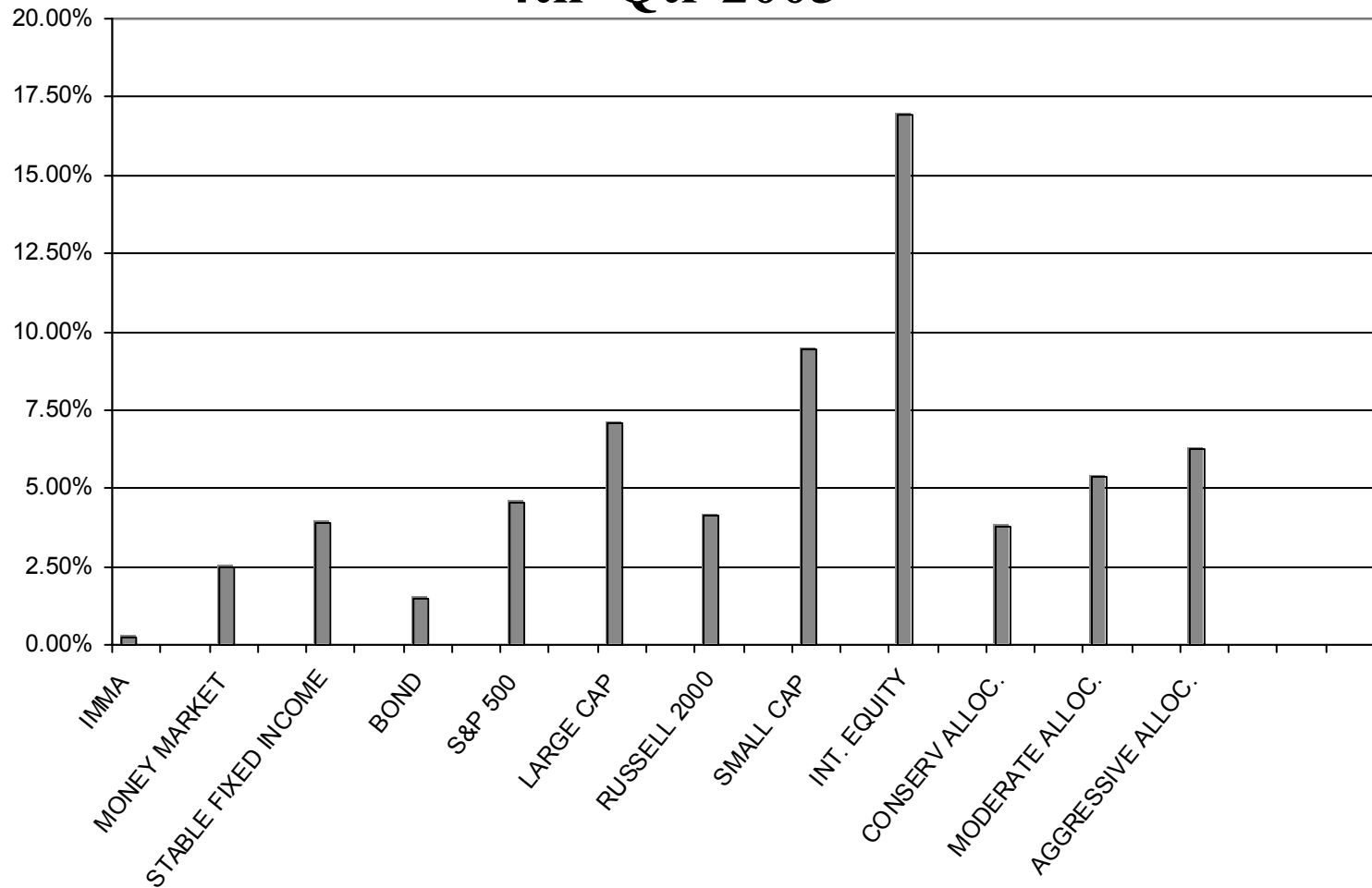
4th Qtr 2005



CalPERS 457 Plan

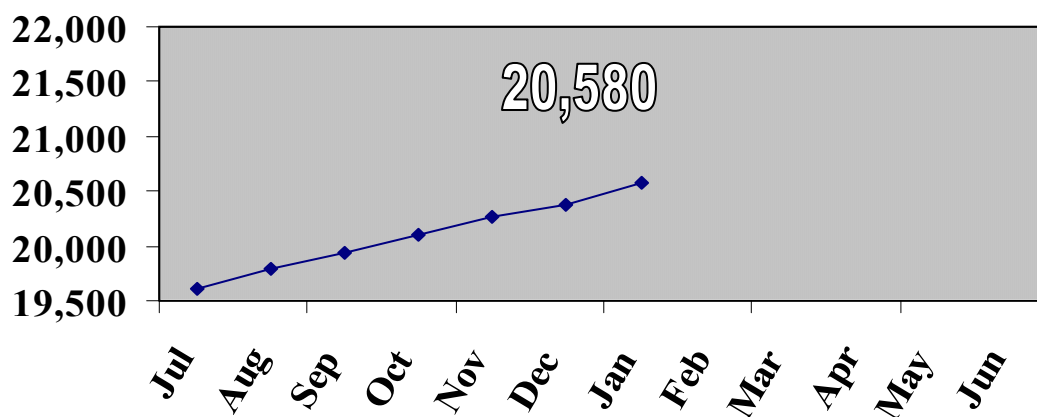
1 Yr Performance Returns

4th Qtr 2005



CalPERS 457 Program Month-End Report January 2006

Participant Growth



Asset Growth

